



COLAB
San Luis Obispo County

The Coalition of Labor Agriculture and Business

Weekly Update
March 2 - 9, 2026

Green Light for Diablo Canyon

The last California State agency permit hurdle for the Diablo Canyon Power Plant (DCPP) was achieved when the Central Coast Regional Water Quality Control Board (RWQCB) voted on February 26 to grant a renewed Once Through Cooling Discharge Permit under the National Pollution Discharge Elimination System and a Federal Clean Water Act Section 401 water quality certification.

The passage of these two items (along with the Coastal Commission permit granted in Dec., 25) clears the way for the federal Nuclear Regulatory Commission (NRC) to finalize renewals to DCPP's reactor operating license through 2030.



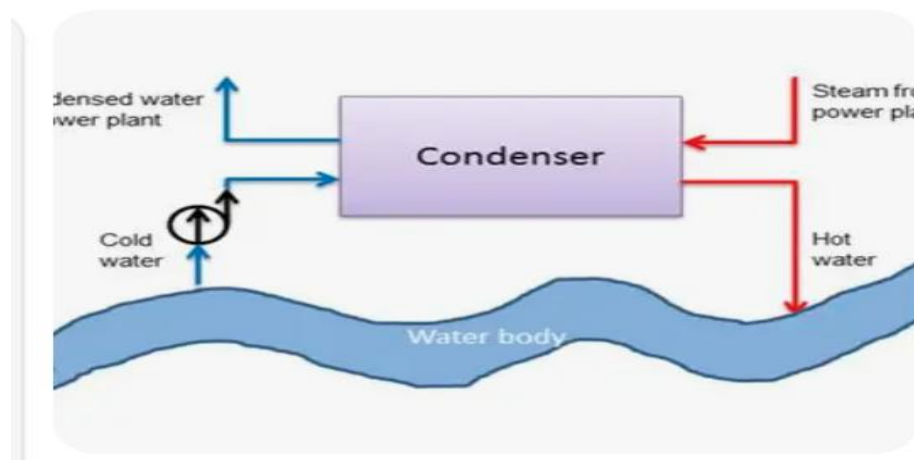
The Diablo Canyon Power Plant

The hearing was held at the RWQCB offices in San Luis Obispo and was attended by about 70 people. Discussion on the subject began at about 8:45 AM and lasted until 1:00 PM. At the onset of the discussion, the Board Chair made it clear that seismic and nuclear waste issues were beyond the scope of the board and attempted to bring a focus to just water quality.

Despite that effort, the discussion frequently went beyond the day's subject. Mothers for Peace strove to live up to their name by peacefully objecting to nuclear power. The Sierra Club unsuccessfully attempted a bit of subterfuge by making a fuss about different dates for various licensing stages and requested that the board require a formal and final end date of 2030 be listed on all paperwork including any applications to the Nuclear Regulatory Commission. One coastal conservatory group claimed that operations at the power plant had caused all sea life to die off for miles in either direction along the coastline leaving nothing but baren rocks. This, despite reports from biologists with data and photos of sea life flourishing in that area.

It seemed that opposition to relicensing ran about a third compared to support which was about two-thirds of the public commenters. County Supervisors Ortiz-Legg and Moreno both testified in support as did COLAB.

One of the biggest issues discussed was the once-through cooling system. This is a process that draws ocean water in, runs it across tubes that need to be cooled, and then returns the seawater back to the ocean. When the seawater is returned it's an average of 20 degrees warmer than the ocean water that it was drawn from.



Once through cooling system example

Some requirements for nuclear operations include the use of best technology available. There was a great deal of discussion about whether there were better technologies for cooling than the once-through system. Ultimately consensus seemed to fall with that system being the most efficient for Diablo Canyon. The main alternative would be the giant cooling towers that we sometimes associate with other nuclear facilities built in the 70s.



Nobody wants cooling towers at Diablo Canyon

As an observation (perhaps wishful thinking) it seems as though opposition to ongoing operations at Diablo Canyon is diminishing. Perhaps the reality is setting in that renewable (or green) energy growth is not keeping up with demand for our electric grid. While it is true that at times, our state produces significantly more power than it needs (primarily from solar), we are lagging in storage capacity. Further, during night times, periods of severe heat and even some winter months, we simply cannot produce enough renewable energy to power the grid on a reliable and sustainable basis.

Most forecasts for grid demand show needs increasing dramatically in the next decade, which equates to a need for enormous growth in renewable energy production and storage. Realistically, few industry experts feel confident that such growth is deliverable. The following graph produced by the California Energy Commission illustrates their anticipated growth in energy demand over the next decade:

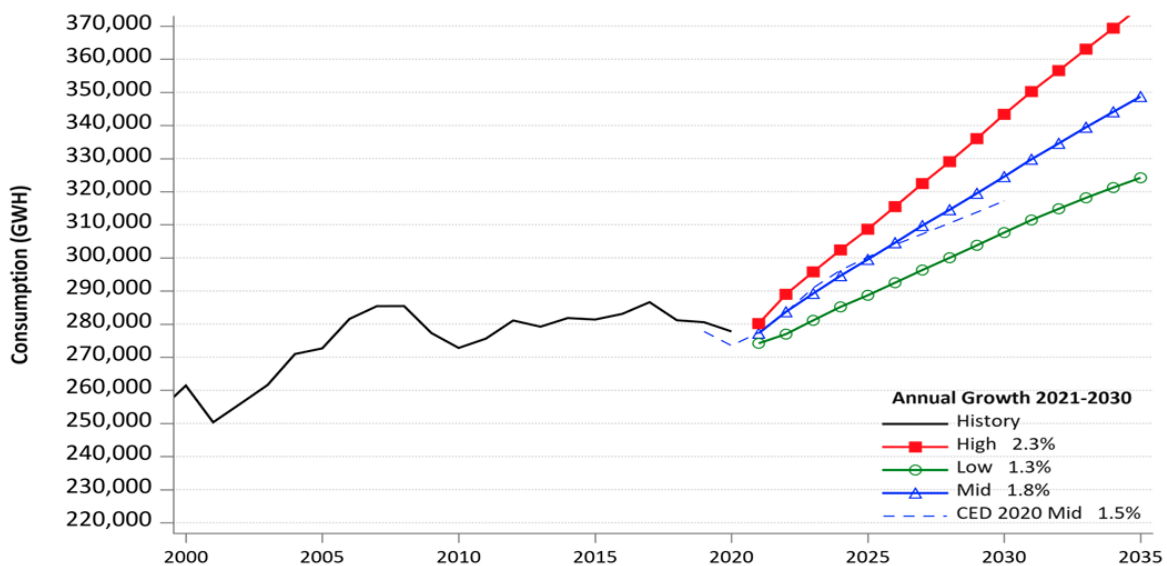


Figure 1.1. Predicted growth in electricity demand by 2035 compared to historical electricity consumption trends. Model includes low, medium, and high demand scenarios that reflect differing assumptions about key variables such as electric vehicle adoption and economic growth rates.

Source: California Energy Commission. (2022). Final 2021 Integrated Energy Policy Report Volume IV Energy Demand Forecast.

Since Diablo Canyon produces just over 9% of the state power grid (about 17% of the carbon free power generated) and is considered a base source, meaning it produces 24 hours a day all year round regardless of weather, it's impossible to illustrate how the power it contributes to the grid could be replaced in the next many years by renewable sources.

This is precisely why Governor Newsom opted to extend the original closure date from 2025 to 2030. Now, many of his fellow liberals are recognizing the same reality.

Energy costs are also a factor. With the Diablo Canyon power plant, little to no new investment is needed. Energy costs from that source don't need to pay for capital investment and start-up costs. With affordability being a key concept in current policy making, many green energy expenses are becoming unbearable for the average ratepayer.

With the RWQCB permits out of the way, it is now up to the Nuclear Regulatory Commission (NRC) to grant final approval for continued operations. The NRC has already done a safety inspection approval for 20 years of operation but needed to have the Coastal Commission and Water Board approvals before considering final operating licensing.

At this point, PG&E seems to be committed to getting everything in place to operate until 2030. It also seems that they have a strong desire to achieve a 20-year operating plan. We would expect that PG&E has a two-step approach in place designed to get the first step accomplished while keeping the second step from getting in the way. We have high hopes for the success of both steps.

Misleading Claims About Offshore Oil Drilling

What do you call it when candidates make a big fuss over non-existent issues? Fear-mongering, misdirection, fraud or outright fibbing? Some just call it campaigning.

One such issue keeps popping up around San Luis Obispo County lately. It's the silly suggestion that the only thing protecting us from offshore oil drilling are a few smart liberal politicians conquering the evil Trump Administration with meaningless resolutions and misleading stump speeches.



They attempt to conjure up visions of oil rigs dotting our coastline and fears of oil spills - all tools of the trade for such campaigners.

The reality is offshore oil drilling off San Luis Obispo County is not a reality.

To begin with it's not likely that there are any oil fields worth tapping off our coast. There's no interest in acquiring any new offshore oil leases by the oil industry. There is no onshore support or infrastructure to facilitate offshore oil drilling. And a significant part of our coast has now become off limits to drilling with the new Chumash Marine Sanctuary.

The Chumash Heritage National Marine Sanctuary became official on November 30, 2024.



According to the all wise Artificial Intelligence sources;
 “The Chumash Heritage National Marine Sanctuary, established by the Biden administration, prohibits offshore oil drilling in the area. This sanctuary covers 4,543 square miles and extends 60 miles offshore, protecting a diverse ecosystem including humpback whales, sea otters, leatherback sea turtles, kelp forests, rocky reefs, and over 200 shipwrecks. The sanctuary's boundaries were selected after extensive environmental impact statements and consultations with Native American communities. The sanctuary's designation is a significant step towards environmental protection and conservation along California's coast.”



Assuming this is true, any candidate attempting to take credit for fighting against offshore drilling is either purposely misrepresenting the issue or is simply ignorant.

The next time you see a candidate puffing about offshore drilling, ask them to move on to real issues like local roads or government inefficiencies and overreach.

Rent Control Looming

As we reported last week, the San Luis Obispo City Council is pursuing the establishment of a rental registry. This is a move that requires landlords to file a great deal of information about their business and their properties with the city.

A Rental Housing Study Session was held on February 24 to “explore the issue”. To many in attendance, however, the idea seemed to be more of a forgone conclusion.

Advocates stressed the need for a registry as a means of improving rental conditions, combating gender inequality and fighting global warming.



The concept has had signals of approval from all five city council members. Naturally, cost is a consideration and is expected to be addressed in the forthcoming budget planning sessions. Don't be surprised to see hefty fees associated with registering, as well as heavily punitive fines for noncompliance.

For the council to pretend that this is anything but a direct move towards rent control is pathetic. It puts city government in the way of private property owners entering into private agreements with tenants. It assembles private information and makes it public. It is able to design data gathering to achieve pre-determined or desired outcomes that may or may not reflect the true nature of the rental business in the city. It creates an income stream and a force for increasing regulation by city staff. It opens the door for mandated rent control.

Seeing these kinds of government excesses in authority and activity makes one wonder where it all stops. How much government meddling is too much? When do liberals promoting such heavy-handed policies pause and choose to preserve some modicum of independence for the citizenry? Is there a straw that breaks the camel's back when it comes to being a landlord? When does it become more attractive to invest in things other than rental property?

The next scheduled San Luis Obispo County Board of Supervisors meeting is Tuesday, March 10.

THE BIG EVENT

Don't wait to get your tickets for the 17th annual COLAB SLO Fundraising Dinner. This special evening takes place on Thursday, March 26 at the Madonna Inn Expo Center. It features a fantastic filet mignon dinner, an open bar, fine wines on the table, an exciting auction and guest speaker Katy Grimes, Editor in Chief of The California Globe. The room will be filled with community leaders, elected officials and people just like you. We hope to see you there. Contact COLAB at COLABSLO.ORG for details.

Last Week

Lots Going on for a Quiet Spell

We are entering a four-week period of peace and prosperity while the Board of Supervisors rides through a few meeting-free Tuesdays. The Next San Luis Obispo County Board of Supervisors meeting takes place on Tuesday, March 10.

The agenda for the March 10 meeting won't be out until a week prior, so it is unclear what will be up for discussion. We do, however, anticipate a couple of big items in the near future.

First, the ambulance service request for proposal finalization should be coming up this spring. It is possible that three proposal bids will be forthcoming. San Luis Ambulance, the current provider and contract holder for several decades, an alliance of municipalities throughout the county operating within fire departments and contracting with an ambulance service and American Medical Response (AMR) who provides service in Santa Barbara. There could be more proposals, but we have not heard of others.



We don't have specific details yet about the parameters of the RFP but see this as an important item for the Board of Supervisors and for our county residents.

An even more important item will be the beginning of the budget process. The formal budget hearings take place on June 8, 9 and 10, but preparation for those

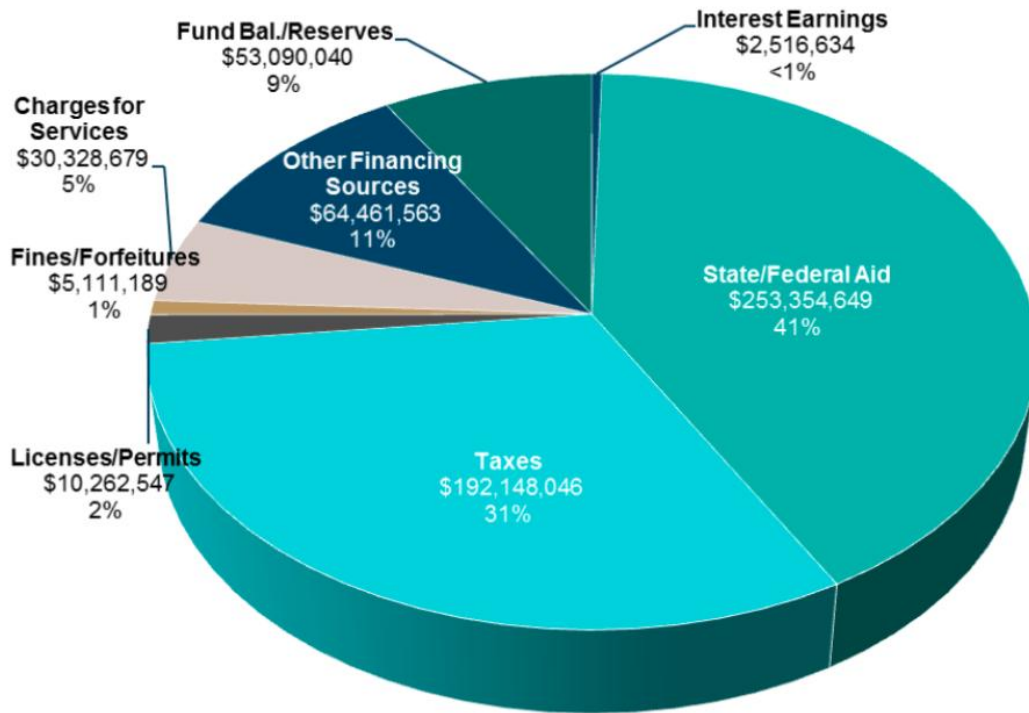
hearings is underway. Already, departments have submitted budget requests to the County Executive office. In April, finalization of budget recommendations will take place with preparation for public review.



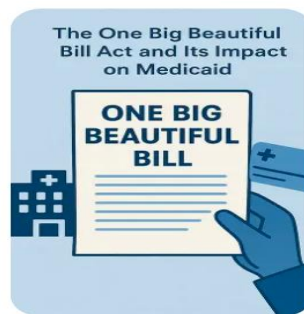
One of the biggest issues within the budget process will be the potential impact of both California state funding and the impact of the new federal Medicaid rules.

California's Legislative Analysts Office has warned that the state is \$18 billion short. Governor Newsom, however, believes in a different system of math and has proposed a \$348.9 billion budget assuming the rosier of financial predictions. (A key component of his expectation is that the AI industry will flourish despite our high housing costs, unreliable power grid and excessive tax system).

Should the state budget falter, it is unclear about a potential impact on counties. The graph below illustrates the state and other various funding sources for our own \$1 billion annual county budget:



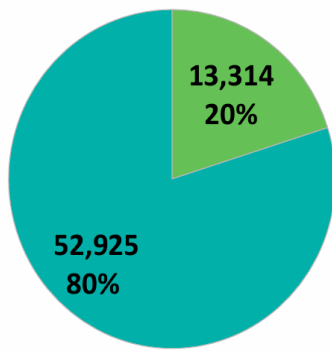
With 41% of our county funds coming from the state, Supervisors and county staff are concerned about potential state cuts.



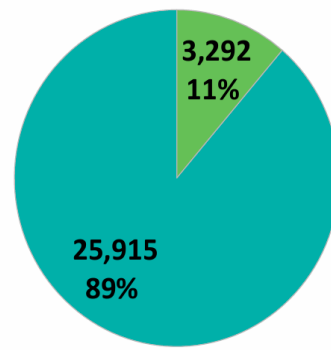
On top of that, President Trump’s One Big Beautiful Bill, HR 1, goes into effect this year and includes tougher employment requirements and more frequent eligibility checks for Medicaid assistance. These reforms are designed to reduce fraud and abuse but could increase need for services locally. The following graphs prepared by SLO County Health and Human Services illustrate the anticipated

impact in terms of loss of eligibility for Medicaid and the Supplemental Nutrition Assistance Program (SNAP) which is called CalFresh in California:

Loss of Medi-Cal Eligibility



Loss of CalFresh Eligibility



■ Impacted ■ Not Impacted

At this stage, county staff are preparing the budget as if these challenges did not exist. However, they are conducting their planning with an anticipation that, should cuts come from the state or demands from Medicaid and CalFresh dramatically increase, budget revisits may be required by the Board of Supervisors.

Waah-Waah-Waah Oopsie

It would seem that Adam Verdin's success in out-fundraising incumbent Supervisor Jimmy Paulding has hit a nerve. First, Paulding suggested that Verdin was somehow out of line by accepting donations from builders. Now Paulding has filed a Fair Political Practices Commission (FPPC) complaint against Verdin for accepting campaign donations that follow all of the rules.

The FPPC took very little time to recognize the fact that Verdin complied with all regulations and did nothing wrong. They declined to look at the case beyond recognizing that the contributions were fully legal and reported correctly.

Paulding asserts that donations from Covelop made for both the Spring '26 and the Fall '26 campaigns are somehow illegal or inappropriate. However, the rules are quite clear, and it is obvious that Verdin complied with all such rules.

Verdin's response regarding Paulding's complaint is as follows:

"The Verdin campaign report clearly reflects this allocation of the two Covelop, Inc. contributions on pages 14 and 26 of its year-end 2025 campaign report filed with the County Clerk.

This is perfectly lawful. It is expressly permitted by California Gov. Code 85301, subd.(d) which specifies the contribution limits from a "person" to an applicable local candidate are "per election." "Primary" and "general" elections are considered separate elections under Calif. Gov. Code 85318(a), a long-standing state law mandate required by the federal courts. See SEIU v. FPPC (1990).

So, a local candidate may raise up to \$5,900 for the primary election and another \$5,900 for the general election (which may be raised before the general election). \$5,900 is the current state legislative candidate contribution limit as of 2021, adjusted by a cost-of-living adjustment in Calif. Gov. Code 83124 for 2026 elections."

Paulding told local radio station KCBX "I think the right thing to do would be to play by our rules," Paulding said, adding that he thinks Verdin should "publicly state that he made a mistake and that he's going to give the money back and address the problem."



According to KCBX, “Paulding told KCBX that he stands by his fundraising and supervisors should avoid taking money from real estate developers so their votes on land use projects are not influenced by campaign contributions.” We wonder if Paulding feels the same about labor union contributions. After all, the county enters into many millions of dollars of contracting services annually.

An editorial published in a typically left leaning local newspaper called Paulding out for his unfounded accusations and suggested that Paulding is the one who should be making an apology. They pointed out that Paulding is an attorney and should have done his due diligence before filing a formal complaint. Paulding responded by stating that he would not apologize. Despite the fact that he voted for the very same rules he is now complaining about, he still feels that Verdin is in violation.

There is a lot riding on this race – for both candidates personally as well as for the future direction of the Board of Supervisors. Tension and frustration will compete with common sense. It is unusual to see this kind of desperate move so early in a race. We encourage both candidates to think carefully about statements they make about each other.

Diablo Needs Your Help

The next regulatory hurdle for the ongoing operation of the Diablo Canyon Power Plant is coming up on February 26 with a meeting of the Central Coast Region of the California Water Boards. Public comments are important. The religious sect of the anti-nuclear aged out hippies will be there in full force dragging out the same old chants about how awful it would be to continue operating the plant.

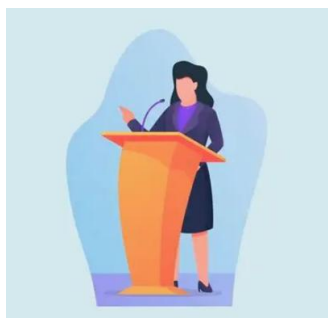
PG&E is seeking approval of a renewed National Pollution Discharge Elimination System (NPDES) Permit and a Clean Water Act Section 401 Water Quality Certification at the RWQCB’s upcoming meeting.²⁶ The meeting will begin at 8 am. Item 7 A & B on the agenda pertains to Diablo.

According to PG&E, “The RWQCB meeting will occur with both a physical meeting location at 895 Aerovista Place, Suite 101, in San Luis Obispo, and via a

remote format. For those who wish to watch the meeting without speaking, a webcast is available at <https://cal-span.org/static/index.php> and should be used UNLESS you intend to make comments. If you have difficulties with the webcast, please contact the Clerk to the Board at RB3-CommentLetters@waterboards.ca.gov.

Attendees wishing to speak in person should join the meeting at the meeting location noted above. To speak in person, you will be asked to complete a physical comment card and turn it into the clerk prior to the item being brought up for hearing. Zoom is the platform being made available for those who wish to comment remotely. Remote participants are requested to complete an [electronic comment request card](#) by 8:00 a.m. on the date of the meeting. Virtual speakers will then be sent a special link for their participation. Again, if you have trouble, please contact the Clerk to the Board at RB3-CommentLetters@waterboards.ca.gov. Public comment, either in-person or virtually, is typically limited to three minutes, so please plan your statement accordingly.

Finally, written comments are also accepted. If you cannot make it to the meeting in-person or virtually, please consider submitting a written letter of support. Send written letters to: centeralcoast@waterboards.ca.gov. Such letters must be received by the RWQCB in advance of the meeting. “



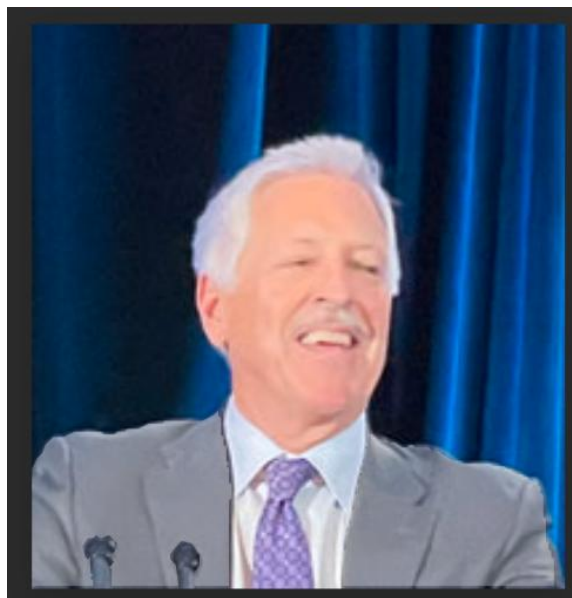
We encourage anyone concerned about the electrical grid, the local economy, the issue of clean energy and/or the nearly 1600 employees of the plant to engage. Attend in person or online if you can or send an email – or both. Do not let the ninnyies dominate the dialogue.

Lobbying for SLO County's Future

It seems odd that a county should need to employ a lobbyist to convey its needs and wishes to the state legislature in Sacramento. After all, many of the state and federal legislators came from local government and should be actively engaging in and understanding the needs of their constituent communities without the need for a middleman.

Unfortunately, that's how business is done with Sacramento and Washington DC.

The February 10 meeting of the San Luis Obispo County Board of Supervisors included a report from San Luis Obispo County's lobbyist, Paul Yoder along with an affirmation of the county's legislative platform.



Paul Yoder, San Luis Obispo's contract lobbyist

Yoder is a principal in the firm Shaw Yoder Antwih Schmelzer & Lange which lists 15 lobbyists on their team. According to their website:

“Shaw Yoder Antwih Schmelzer & Lange (SYASL) offers a wide range of advocacy expertise for our public and private clients from strategic consultation to policy analysis to expert testimony.”



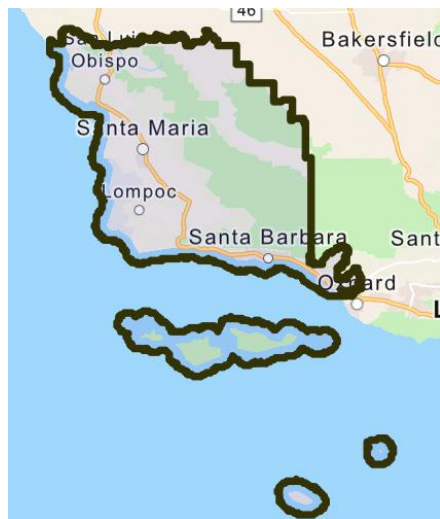
Their client list as posted on their website reads:

- A › Advanced Energy Economy
- › Aerial Rapid Transit Technologies
- › Alameda County Waste Management Authority
- › American Heart Association
- B › Beverly Hills, City of
- › Boeing Company, The
- › Burbank Housing Development Corporation
- › Butte County
- C › California & Nevada Civil Engineers and Land Surveyors Association, Inc.
- › California Academy of Child and Adolescent Psychiatry
- › California Animal Welfare Association
- › Center for Employment Opportunities
- › City/County Association of Governments of San Mateo County
- › County Medical Services Program
- D › Del Norte County
- F › FedEx Corporation
- › Food Solutions Action
- F › Fountain House
- › Fresno County
- › Fresno County Transportation Authority
- › Goleta, City of
- H › Humane Society of the United States
- › Humboldt County

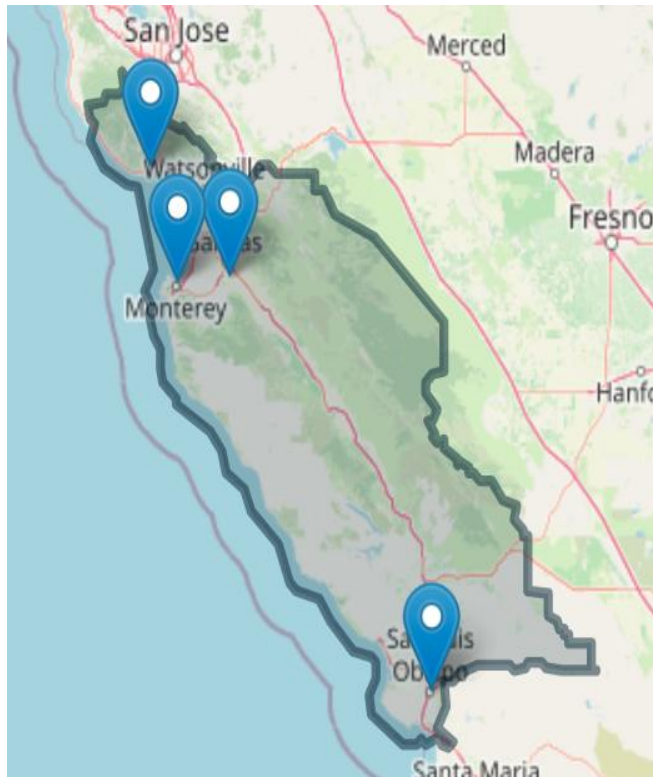
- › California Arts Advocates
- › California Association of County Treasurers and Tax Collectors
- › California City Transportation Initiative
- › California Coalition on Workers' Compensation
- › California Dental Hygienists' Association
- › California Faculty Association
- › California Green Business Network
- › California Medical Association
- › California Moving and Storage Association
- › California Product Stewardship Council
- › California State Association of Psychiatrists
- › California Transit Association
- K › Kat Taylor, Office of
- › Kern County
- L › LA 2028
- › Los Angeles, City of
- › Los Angeles City Attorney's Office
- › Los Angeles County Metropolitan Transportation Authority
- › Los Angeles, Port of
- › Los Angeles World Airports
- M › Madera County
- › Mendocino County
- › Merced County
- › Monterey-Salinas Transit District

We would hope that our state and federal legislators are well aware of our county's needs and wishes, but the sad truth is that San Luis Obispo County got totally shortchanged in the last reapportionment.

We do not have a single legislator exclusively to our county, they all share their representation with larger populations in neighboring counties. Our representatives to the north cover communities such as Monterey, Salinas and San Jose, while at the south end they cover Santa Barbara and Ventura.



Congressman Carbajal's district map



State Senator Laird's district map

These two maps illustrate the imbalance of all of our state and federal districts.

The frustrating aspect of being a stepchild county is that our interests can sometimes be at odds with our more urban neighbors. Legislators hoping to be reelected typically pay the most attention to their most populist parts of their district.

This unfortunate situation makes having a county lobbyist important. However, we hope that the positions that our county takes, and the requests that it makes of our state and federal institutions are plain, simple and reasonable enough to stand on their own merit regardless of who is presenting them.

Below are the criteria used to establish the county platform:

Advocacy Principles

1. Secure **stable, ongoing funding** for County-administered and County-impacted programs, including adjustments to reflect workload and service demand.
2. **Prevent unfunded** or underfunded **mandates** and cost shifts from the State or Federal government to counties.
3. **Preserve local control**, governance authority, and implementation flexibility in the administration of programs and services.
4. Improve **public safety**, justice system effectiveness, and emergency preparedness, including coordination across County, State, and Federal partners.
5. Strengthen **homelessness response** and behavioral health systems, including prevention, treatment capacity, workforce sustainability, and housing-linked services.
6. Advance **community resilience** to wildfire, flood, drought, climate impacts, and infrastructure failure.

7. Promote **housing production** across income levels while preserving local land use authority and regulatory flexibility.
8. Support **economic and workforce development**, infrastructure investment, and regional economic diversification.
9. Maintain **fiscal stability** by protecting local revenue authority, managing liability and risk exposure, and mitigating adverse fiscal impacts from State and Federal actions.
10. Support **workforce sustainability** across County-administered programs, including recruitment, retention, training, and staffing flexibility.

Below are the major issue areas considered:

Major Issue Areas

- Administration of Justice and Public Safety
- Health and Human Services
- Housing, Land Use, Transportation, and Infrastructure
- General Government, Finance, and Administration
- Agriculture, Environment, and Natural Resources
- Economic Development and Diablo Canyon

Of the 38 points of the actual legislative platform, most call for sufficient support for local Health and Human Services programs and other social programs. We found the following items to be of particular interest:

- Secure funding and policy support for implementation of Proposition 36, including probation supervision, behavioral health treatment, housing, case management, and court-aligned services. (S)
- Protect County land use authority over planning and zoning, including renewable energy and infrastructure projects. (S/F)
- Transfer of Salinas Dam from the U.S. Army Corps of Engineers to local control. (S/F)
- Support transparency in State tax actions affecting local governments, including property, unitary, sales, and transient occupancy taxes. (S)
- Support ongoing Williamson Act subventions and agricultural land uses. (S)
- Support authorization of recreational swimming at Santa Margarita Lake, consistent with health, safety, and water quality standards, and protecting drinking water. (S)
- Advocate for energy policies that support reliability, affordability, and low-emission generation, while preserving local flexibility. (S/F)
- Support permitting pathways and infrastructure planning for emerging energy technologies and offshore wind development that provide regional economic benefits. (S/F)

The S or F signifies whether the issue is state or federal.

It is worth noting that support for this platform only required three votes.

The lobbyist will report to the county at important points of the legislative process, both on the progress of the points for which they are advocating and the bills or regulations that have been proposed that run counter to the county’s interests.

Rent Control on the Way?

We have been following the City of San Luis Obispo’s efforts to establish a “Rental Registry” and have been sharing our concern that the plan is the first step towards rent control. Now the concept is becoming a reality (nightmare).

On Tuesday, February 24, the City of San Luis Obispo will be hosting a “study session” on the subject of establishing such a registry.



Upcoming Rental Housing Registry Study Session

Tuesday, February 24, 2026

5:30 – 7:00 p.m.

Council Hearing Room, 990 Palm Street, SLO

A reasonable person might ask why such an effort is necessary. Are rental property conditions in SLO really that bad? Is city staff so underutilized that they need another program to manage? Can city regulators truly improve life for renters or landlords? Is this the next step towards rent control?

According to the city, “A rental housing registry would allow the city to collect accurate data on rental units, which can inform future decisions regarding renter protections, safe housing, and long-term planning. “

The impetus for the city’s plan is spelled out here:

- Over half of rental households are cost-burdened, spending more than 30% of income on housing
- The City’s average rent is \$3,200 per month – 39% higher than the state average and 59% higher than the national average.
- There are an estimated 12,000-14,000 rental units in the city.

Clearly, city staff are motivated to manipulate rental rates. Of course, such protectionism will naturally come at a cost. What will the “fee” be for registering? Will it lead to annual “inspections”? Will it lead to more “renter rights”? Will they pursue a rent restriction program similar to mobile home parks in the area? Will this lead to diminished interest in offering homes for rent?

Managing such an effort will obviously be expensive. Staff time, IT resources, consultant fees and enforcement costs are just a few of the governmental overhead items that the program will need to cover. Then there are compliance costs and manipulated rent impacts along with losses related to “renter rights”.

As we all know, every one of these costs will be borne by landlords. We also know that rent control can be disastrous for a community. If you have any interest in the subject, we encourage you to attend and ask a lot of questions.

**The COLAB Annual Dinner is a Month
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17TH ANNUAL DINNER & FUNDRAISER

THURSDAY, MARCH 26, 2026
MADONNA INN EXPO CENTER

COME HEAR THE REST OF THE STORY

Mainstream coverage of California Issues is pathetically thin with the legacy media avoiding the tough questions that define life in the Golden State. Katy Grimes, Editor-in-Chief of The California Globe, is known for fact-filled, hard hitting investigative reporting that exposes the real consequences of Sacramento's policy-making.

Join us to hear firsthand from Katy about California's essentially one-party system of governance and the realities most media outlets routinely ignore - along with some good news, too.



Katy Grimes, Editor in Chief of
The California Globe

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Emergent Trends
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Energy Company Warns CARB on 'The Stark Reality' Driving In-State Refining Capacity to Zero of CA's Remaining 7 Refineries

Vacant Office Buildings Converted into Apartments While Sacramento Tries to Grab Palisades

COLAB in Depth
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Ringside: Can Energy and Water Interests Find a Common Agenda?

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Energy Company Warns CARB on ‘The Stark Reality’ Driving In-State Refining Capacity to Zero of CA’s Remaining 7 Refineries

Is the CARB really trying to force all in-state refineries to close?

By Katy Grimes, February 28, 2026

An energy company you may or not have heard of, which has a huge impact on fuels in California, just sent a letter to the California Air Resources Board Friday, according to a Globe source.

Why?

“To provide comments on the California Air Resources Board’s (CARB) Cap-and-Investment (C&I) program, including the *“Proposed Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation.”*”

These proposed amendments are draft amendments to **Assembly Bill 1207** by Assemblywoman Jacqui Irwin (D-Thousand Oaks), seeking to extend the cap and trade program to 2045, and legislators are looking at significant changes to the CA emissions trading program – which will likely now be known as California Cap and Invest. also revises offset limits, establishes an emissions containment reserve, and proposes shifting free allowance allocations from gas companies to electric utilities. PBF Energy Inc. is warning about “the stark reality the impacts the current CARB Cap & Investment program would have because of the state’s remaining 7 refineries. And, CARB’s “Proposed Amendments will only worsen the current state of the program, making costs skyrocket further. If enacted as written, the Proposed Amendments will inevitably drive in-state refining capacity to zero.”

Whoa. Why? Is the CARB really trying to force all in-state refineries to close?

“Since 2020, when gasoline supply was relatively balanced, five in-state refineries either shut down permanently or completely curtailed gasoline production” says PBF.

Let’s start with **Who We Are: PBF Energy Inc.**

PBF’s subsidiaries own and operate six domestic oil refineries, including two in California: Torrance and Martinez. Our refineries, together with our logistics assets, are critical to California’s fuel supply chain and the broader California economy:

- **Gasoline:** We supply ~33% of California’s in-state production and ~23% of total California demand, including ~30% of Bay Area and ~20% of Southern California demand
- **Jet fuel:** We supply ~50% of demand for Sacramento International and Oakland San Francisco Bay Airports, ~40% for San Francisco and San Jose International Airports, and ~30% for Los Angeles International Airport
- **Marine fuel:** We supply more than 50% of the ultra-low sulfur marine diesel to ships calling at the Ports of Los Angeles and Long Beach
- **Jobs and local economy:** We employ more than 1,000 Californians; the majority are union members. We also hire contractors who employ members of the California Building & Construction Trades
- **California crude oil:** We purchase and refine the highest percentage of California crude, supporting thousands of production jobs, especially in the Central Valley. We also own and operate one of two pipelines that transport crude oil from the Central Valley to Torrance.
- **Tax revenue:** We are among the largest taxpayers in Contra Costa and Los Angeles Counties, generating well over \$1 billion in state tax revenues annually from the fuels and other products our subsidiaries manufacture!

California cannot afford to lose PBF based on these important stats.

PBF Energy Inc. warns “The status quo of the C&I program will severely undermine the viability of in-state refining, with potentially devastating consequences for California’s fuel supply, economy, and workers. The Proposed

Amendments will make the situation exponentially worse by increasing in-state refiners' stationary payments. Before finalizing the proposed rule, we urge CARB to address the state's gasoline supply-demand imbalance by revising the current C&I payment schedule and Proposed Amendments to put in-state refiners on equal regulatory footing with fuel importers."

They say that due to the latest refinery shutdowns – Phillips 66 and Valero – gasoline imports are estimated to have grown to ~250,000 bpd, a ~500% increase, meaning ~30% of the gasoline supply that had been produced in the state is now imported, primarily from refineries in Asia. Consequently, California has become even more reliant on remaining in-state refineries to maintain the feasibility of its gasoline supply.

If the state fails to address inequities between in-state refiners and importers, refinery closures will accelerate and the feasibility of the state's fuel supply will come into question.

CARB claims that the Cap and Invest program "complements other measures to ensure that California cost-effectively meets its goals for greenhouse gas emissions reductions."

Not so fast says PBF Energy:

The existing C&I regulations and Proposed Amendments will effectively **drive in-state refiners out of business while importers are completely shielded from these costs**. This is the central flaw in the current stationary source program. The Proposed Amendments as written will only exacerbate the cost imbalance between California's refiners and importers.

If in-state refining becomes significantly impaired or infeasible, the catastrophe will go well beyond gasoline supply for consumers by also affecting military bases, jet fuel for California's airports, marine fuel for ports, plus crude oil production in the Central Valley, all of which would impact thousands of direct and indirect jobs throughout the state.

Despite claims the state is in mid-transition to EVs, more than 90% of registered vehicles, offroad construction and agricultural equipment, trains, boats, and planes, rely on liquid fuels.

Given this continuing demand, **curtailing in-state production will jeopardize fuel availability and affordability by driving up costs for every Californian motorist, business, and government entity.**

They continue with the outrageous costs involved:

The Cap and Investment (C&I) program is just one compliance burden. Myriad regulatory agencies **impose significant costs on California refiners that competing importers never pay**, separate from yet additive to current C&I payments the Proposed Amendments would further increase. For example, Valero noted it decided to shutter its Benicia refinery due in part to intense regulatory pressure, high compliance costs, and a record \$82 million fine.

To comply with state and federal regulations and ensure safe, reliable, responsible operations, we invest significant capital in our two in-state refineries and logistics assets. **Costs range from \$100,000,000 to \$300,000,000 each year**, with most of the work done by California Building & Construction Trades crafts during turnarounds.

Governor Gavin Newsom and the California Legislature could immediately end the state's fuels crisis. They have the authority, but instead have imposed such high costs and business killing regulations on the state's refiners and oil producers, we are down to 7 refineries.

In an October policy brief by USC Professor Michael A. Mische, UC Berkeley Professors James W. Rector, and Joseph B. Silvi, they warned:

“California's in-state oil production has declined by approximately 65% since 2001, while its dependency on foreign imports has risen by nearly 70%. At the same time, refinery capacity has fallen 21% since 2023 and gasoline demand remains largely unchanged at roughly 36–40 million gallons per day.

And they note that Gavin Newsom's SB 237, designed to permit up to 2,000 new wells annually in Kern County, will add some production but not enough to offset the overall statewide decline and will not adequately stabilize the state's petroleum infrastructure.”

It's as if California's elected lawmakers and governor are trying to destroy California from within because every significant policy area in the state is crumbling: water, infrastructure (roads, bridges, freeways, public safety, education, ports, rail, transit, levees), energy, agriculture, housing...



Katy Grimes

Katy Grimes, the Editor in Chief of the California Globe, is a long-time Investigative Journalist covering the California State Capitol, the co-author of *California's War Against Donald Trump: Who Wins? Who Loses?* and a contributor to "Taxifornia 2016."

A California native and Navy mom, Katy lives in Sacramento, CA.

Vacant Office Buildings Converted into Apartments While Sacramento Tries to Grab Palisades

The same administration that botched the fire response now wants to spend public dollars acquiring prime coastal real estate that burned

By J. Mitchell Sances, February 25, 2026

While Los Angeles Mayor Karen Bass and California Governor Gavin Newsom continue their obsession with turning fire-ravaged Pacific Palisades into another taxpayer-funded affordable housing experiment, a far more practical solution is quietly gaining traction across the city. Developers are already beginning to convert a staggering 50 million square feet of vacant office space into thousands of much-needed apartments.

Los Angeles has enacted a new Citywide Adaptive Reuse Ordinance, a sweeping overhaul that dramatically expands where and how empty commercial buildings can be transformed into housing. The measure streamlines approvals, cuts through endless red tape, and bypasses lengthy public hearings and environmental reviews that have strangled development for years. And developers are not waiting around

and looking a gift horse in the mouth. They have begun moving before LA politicians change their minds and reverse a rare good idea.

Jamison Properties is redesigning a modern office tower near downtown into nearly 700 apartments. Developer Garrett Lee, president of Jamison Designs, called the change “monumental for the city,” noting the streamlined process finally gives builders a clear path forward instead of years of uncertainty. In Sherman Oaks, IMT Residential is converting the iconic former Sunkist Growers headquarters — that brutalist inverted-pyramid eyesore visible from the 101 Freeway — into 95 apartments after post-pandemic office demand collapsed. Similar projects are now viable in Westwood, along Ventura Boulevard, South LA, and the Harbor area.

For once, the city of Los Angeles is merging market reality and need with common sense. During the height of the pandemic, people were forced to work from home. When things began to open back up, instead of paying exorbitant prices to rent office buildings, many companies have kept the work-from-home model. Now many of the downtown and mid-Wilshire office buildings remain vacant. Rather than let these buildings sit as expensive ghosts draining property values and city tax rolls, private developers are stepping in to repurpose existing structures into housing — no new concrete jungles required, no massive subsidies demanded, and no displacement of homeowners.

In comparison, the approach to rebuilding in Pacific Palisades reeks of idiocy and power-hunger. After the catastrophic 2025 Palisades Fire, Sacramento’s solution wasn’t to let property owners rebuild or encourage private investment. It was to push legislation ([SB 549](#) and related efforts) allowing the government to buy up scorched lots at “fair market” prices for land banking and affordable housing development. Newsom tossed another \$101 million at “accelerating” multifamily rental projects in the fire zones, with priority for low-income units. Residents rightly called it a land grab. The bill faced such fierce backlash it was shelved until later this year, but the appetite in Sacramento remains.

Think about the priorities here. California has billions in unfunded liabilities, a homelessness crisis that worsens yearly, and a housing shortage exacerbated by decades of restrictive zoning and sky-high construction costs. Yet instead of embracing proven, low-cost conversions of vacant offices that already have plumbing, electrical, and foundations in place, the same administration that botched the fire response now wants to spend public dollars acquiring prime coastal real estate that burned. This is land that private owners are perfectly qualified and, more importantly, willing to rebuild on themselves.

Converting empty high-rises costs a fraction of new construction and creates available much-needed housing faster. It revitalizes commercial corridors without displacing established neighborhoods. It requires no new taxes, no massive state bureaucracy, and no “resilient rebuilding authorities” picking winners and losers. Best of all, it’s driven by private capital responding to actual market demand for housing, not political mandates for “affordable” units that often cost taxpayers more in the long run.

The contrast could not be starker. One path respects property rights, leverages existing infrastructure, and actually adds supply without picking the pockets of working Californians. The other path treats fire victims as obstacles to a larger social-engineering agenda. Politicians are shamefully using tragedy as an excuse to expand government control over land use in one of the most desirable zip codes in America.

Los Angeles doesn’t need more top-down schemes from Bass and Newsom. It needs more adaptive reuse ordinances, fewer barriers for private developers, and leaders who understand that the fastest, cheapest way to create housing is to stop power-grabbing, micro-managing, and standing in the way of people who already know how to build it. The deserted office buildings are screaming opportunity, but Sacramento is screaming for more control. Californians, especially those still waiting to rebuild in Pacific Palisades, deserve better than another round of government land banking at their expense, and hopefully they will cast their vote for governor in November accordingly.



J. Mitchell Sances

J. Mitchell Sances, PhD is a linguist, writer, and a researcher. He is a contributing columnist and assistant editor for Outspoken. As a Louisiana native with strong conservative and Christian roots, he seeks to preserve American values and freedoms for future generations.

Ringside: Can Energy and Water Interests Find a Common Agenda?

In politics, the more things you are for, the more people you alienate

By Edward Ring, February 26, 2026

It's a risk to promote an agenda that calls for practical water projects, and at the same time, calls for practical energy projects. To begin with, the word "practical," in both cases, is a matter of bitter debate. Equally challenging is the fact that even within each of these communities, water, and energy, there is no common agenda. How can they join forces if they don't even have internal cohesion?

Then there is the controversy. Why should a water agency or a farm bureau identify with an energy agenda that invites even more opposition than they're already enduring for their own goals? In particular, why would a farmer want to be part of a coalition, or endorse a campaign platform, that calls for preservation of California's oil and gas industry?

To answer this, let's define "practical" as any investment that will lower the cost of doing business. According to that criteria, California's state policies to-date have not been practical, because we endure the highest prices for gasoline and electricity in the continental United States. CARB/LCFS compliance, taxes, and regulatory fees add nearly \$2.00 to the price per gallon of gasoline in California. Inordinate restrictions and mandates are also the reason the retail price of electricity in California is roughly twice what it costs elsewhere in the U.S.

Petroleum products in general, gasoline, diesel fuel, petroleum-derived fertilizers, chemicals, and plastics, account for a high percentage of costs for farmers. Some estimates put these costs at 20 percent of total farming expenses. From what I've heard from farmers, that number may be on the low side, and whatever percentage may be most accurate, it has risen substantially in the last five years.

There's another reason farmers may want to help California's oil and gas industry to survive. In many cases they occupy the same regions in the state. And if the farming sector in California contends with state policy decisions that could eliminate 25

percent of the acreage and jobs – much more than that in some areas – the oil and gas sector are facing complete annihilation. A cascading failure of this industry has never been more plausible. If we end up importing most of our refined gasoline and diesel fuel, not only will those prices rise, but entire regions – which happen to also be farming regions – that supported in-state drilling and refining companies will be devastated economically.

Is this practical? California still derives 44 percent of its total energy from petroleum and another 32 percent from natural gas. Meanwhile, we import 77 percent of our crude oil and nearly 90 percent of our natural gas. Most people agree that the role of nonrenewable combustibles is going to slowly diminish. But why not preserve our own capacity to produce it, when California is sitting on abundant reserves and could sustain a thriving oil and gas industry throughout a transition that is certain to take the next several decades? Is it unreasonable to make this suggestion?

In politics, the more things you are for, the more people you alienate. The bigger the coalition that you aspire to build, the harder it will be to hold together. It isn't as if the energy industry in California has itself united behind a policy agenda. They are inherently in conflict. Wind and solar farms displace natural gas generating plants. California's natural gas utilities only operate at 26 percent uptime these days, only reaching full output when there's no sun or wind. Instead of investing in ultra efficient, ultra clean retrofits in order to resume their role as baseload power plants with 90 percent uptime, they have accepted managed decline.

Conflict is everywhere. Neither the renewables or the natural gas folks want to go out of their way to help nuclear power to succeed, since its baseload output could displace them both. And oil, vilified but still the giant in the room, strives to remind us all of its lingering indispensability.

There are numerous examples of the nexus between water, farming, and energy. Consider that with 400 feet of drop between Millerton Lake and the proposed Temperance Flat Reservoir, a megawatt-hour of electricity could be generated for every two acre-feet of water passed through the turbines. At the San Luis Reservoir, where reversible pumps have put this into repetitive practice using 300 feet of drop, it takes just under three acre-feet to produce a megawatt-hour. Every sunny mid-day, its operators buy electricity for next to nothing to pump water from the O'Neil Forebay up into the big off-stream tub – San Luis holds half a cubic mile of water

when full. Then at night they pour it back through pumps flipped into turbine mode during peak demand, sending over 400 megawatts into the grid.

Examples of the water/energy nexus abound. It would only take 3,500 gigawatt-hours to power seawater desalination plants with the capacity to produce one million acre feet of fresh water. That's barely one percent of the state's total annual electricity consumption. These innovations, combined with practical policy revisions and project choices, could enable California's water consumers to negotiate a grand bargain and common agenda, one that could unite disparate interests from the Central Valley and Imperial Valley to the great coastal cities. Some of those ideas will be the topic of next week's newsletter.

In the meantime, farmers and water agencies should not forget the energy industries that, side by side with farmers, built this state and ensures its vitality to this day. And while a shared agenda may be elusive, the guiding principle is in plain sight: authentic abundance. Affordable energy and water will become reality when purveyors of the most cost-effective solutions unite, demanding reasonable regulatory relief, and accepting massive, unsubsidized competition.



Edward Ring is the director of water and energy policy for the California Policy Center, which he co-founded in 2013 and served as its first president. The California Policy Center is an educational non-profit focused on public policies that aim to improve California's democracy and economy. He is also a senior fellow of the Center for American Greatness. Ring is the author of two books: "Fixing California - Abundance, Pragmatism, Optimism" (2021), and "The Abundance Choice - Our Fight for More Water in California" (2022).

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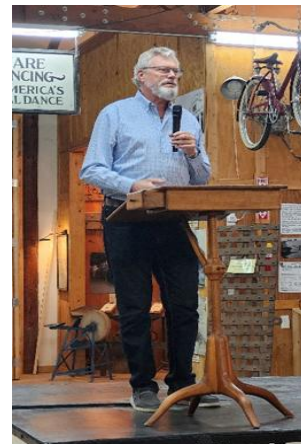
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